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IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1998

BRUCE A. LEHMAN,
COMMISSIONER OF PATENTS
AND TRADEMARKS,
Petitioner,

v.

MARY E. ZURKO, ET AL.,
Respondents.

On Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

BRIEF OF THE PATENT, TRADEMARK & COPYRIGHT SECTION OF THE BAR ASSOCIATION OF THE DISTRICT OF COLUMBIA AS *AMICUS CURIÆ* IN SUPPORT OF RESPONDENTS

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QUESTION PRESENTED

Whether summary review on appeal under 35 U.S.C. § 141 to the Federal Circuit of a **specific type** of decision by the Patent and Trademark Office—i.e., a patentability determination that is governed by the patentability standard required by Article I, Section 8, Clause 8 of the Constitution—should be based on (1) the "clear error" standard of review specifically established from over a century of review of patentability decisions by Article III courts, and which requires review based on *the court's reasoning*, or (2) standards of review found in Section 10(e) of the Administrative Procedure Act (APA), e.g., the "substantial evidence" or the "arbitrary and capricious" standard, that were developed generally for review of administrative decisions, and which require review based on *the agency's reasoning*.

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THE INTEREST OF *AMICUS CURIÆ*[1]

The Bar Association of the District of Columbia ("BADC") is a non-profit organization with voluntary membership. Membership is not restricted to any segment of

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[1] This brief *amicus curiæ* is presented by the Bar Association of the District of Columbia under Rule 37.3 of this Court. Letters of consent from the parties are filed herewith. No counsel for a party authored any part of this brief. Only *amicus curiæ* made a monetary contribution to the preparation and submission of this brief; counsel for *amicus curiæ* prepared this brief on a pro bono basis.

the profession and, thus, the members and their clients represent widely diverging interests and views. Members include attorneys in private practice as well as those employed by corporations and those in government.

The Patent, Trademark & Copyright Section of the BADC includes members of the bar regularly practicing in and interested in patent law. Members frequently represent patent applicants, patent owners, and accused patent infringers in various matters, including those before the United States Patent and Trademark Office ("the PTO") and the Federal Circuit. Members are thus concerned with PTO procedures and standards applied in determining the patentability of a claimed invention, and of those applied by the Federal Circuit when reviewing those determinations.

The BADC has no stake in either the parties or the result of this case, other than an interest in seeking correct and consistent interpretation of intellectual property law.

STATEMENT

This case involves a direct appeal to the Federal Circuit under 35 U.S.C. § 141 for summary review on the record of a decision by the Patent and Trademark Office ("PTO")[2] that a claimed invention was unpatentable as being obvious in view of the prior art under 35 U.S.C. § 103. The Federal Circuit reversed the PTO's decision, applying the "clearly erroneous" standard of review.[3] The PTO sought *en banc* review, which was granted, on the issue whether a more deferential standard under the Administrative

[2] For simplicity's sake, this brief will use the term "PTO" even though that agency was named the "Patent Office" until 1975, when Congress changed the name to the "Patent and Trademark Office." *See* Act of January 2, 1975, Pub. L. No. 93-596, § 1, 88 Stat. 1949.

[3] Pet. App. at 32a.

Procedure Act ("APA")—either the "substantial evidence" or the "arbitrary and capricious" standard—is required when reviewing PTO patentability determinations.

Noting that the standard of review controlled the outcome of the case,[4] the Federal Circuit characterized the three standards at issue as requiring the court to accept the factual findings underlying the PTO's patentability determination if:

- under the APA's *substantial evidence* standard, the findings "are supported by probative evidence of a substantial nature";[5]
- under the APA's *arbitrary and capricious* standard, the findings "were made upon consideration of the proper factors";[6] or
- under the *clear error* standard, the court "lack[s] a definite and firm conviction that a mistake has been made."[7]

The Federal Circuit characterized the principal difference between the standards at issue to be that the APA standards "require that we review [PTO] decisions on their own reasoning," but the clear error standard "requires us to review [PTO] decisions on our reasoning."[8] The Federal Circuit reviewed the history of the APA and court review of PTO patentability determinations, then ruled that it would adhere to the established clear error standard.[9]

[4] Pet. App. at 2a.

[5] Pet. App. at 3a (referring to 5 U.S.C. § 706(2)(E)) .

[6] Pet. App. at 3a (referring to 5 U.S.C. § 706(2)(A)).

[7] Pet. App. at 3a (citing *In re Kemps*, 97 F.3d 1427, 1430 (Fed. Cir. 1996)).

[8] Pet. App. at 3a.

[9] Pet. App. at 27a.

Thus, this case involves the standard of review to apply to a **specific type** of PTO decision: a determination by the PTO whether a claimed invention is patentable (e.g., the determination by the PTO in this case that the claimed invention is not patentable because it was obvious). This case does not involve other types of PTO decisions, which are reviewed under APA standards.[10] Specifically, the issue here is whether *patentability determinations* by the PTO are subject to (1) the established "clear error" standard of review or (2) an APA "substantial evidence" or "arbitrary and capricious" standard of review. These standards are similar in that, unlike *de novo* review in which *no deference* is given to the agency's decision, the APA and clear error standards entail some deference to the agency's findings of fact,[11] such as deference to the agency's technical expertise. The acknowledged distinction between these standards is that (1) the clear error standard requires a court to review an agency's decision based on *the court's reasoning* and (2) the APA standards require a court to review an agency's decision based on *the agency's reasoning*.[12]

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[10] *See, e.g., Ray v. Lehman*, 55 F.3d 606, 608 (Fed. Cir. 1995) (decision not to reinstate patent for failure to pay maintenance fee reviewed under APA's abuse of discretion standard); *Morganroth v. Quigg*, 885 F.2d 843, 846 (Fed. Cir. 1989) (decision not to revive patent application reviewed under APA's arbitrary, capricious, abuse of discretion standard); *Heinemann v. United States*, 796 F.2d 451, 453-54 (Fed. Cir. 1986) (decision to award patent to United States rather than employee reviewed under APA's arbitrary, capricious, abuse of discretion standards).

[11] *See, e.g.*, Fed. R. Civ. P. 52(a) (clear error review of district court's findings of fact with "due regard" to its opportunity to judge witness credibility).

[12] *See* Pet. App. at 3a; Pet. Br. at 38-39.

SUMMARY OF ARGUMENT

Unlike other types of PTO decisions, patentability determinations are—and always have been—subject to the constitutional standard of Article I, Section 8, Clause 8 of the Constitution that patents be granted "[t]o promote the Progress of . . . useful Arts." In each case, the constitutional standard is applied to underlying facts—often termed "constitutional facts"—to which Article III courts traditionally give special consideration and some degree of independent review.

It is within the exclusive province of Article III courts to determine the standard of review—i.e., the degree of independent review—necessary to safeguard the constitutional standard at issue—neither Congress nor agencies can supplant the courts' responsibility in this regard. Thus, for over a century, Article III courts have applied closely related standards—e.g., "manifest error" and "clear error"—for summary review of PTO patentability determinations, culminating in the clear error standard reaffirmed by the Federal Circuit in its decision below. Under clear error review, Article III courts maintain some degree of independent review and control in demarcating the constitutional patentability standard by applying the court's own reasoning to the record developed in the PTO, with due deference to the PTO's technical expertise.

It would be improper and imprudent to alter now this settled precedent. Therefore, *amicus curiæ* respectfully requests that this Court affirm the Federal Circuit's *en banc* decision that PTO patentability determinations are subject to the clear error standard of review in which the reviewing court applies its own reasoning, rather than being limited to the agency's reasoning regarding this constitutional standard.

ARGUMENT

I. It is Within the Province of Article III Courts to Establish the Standard for Reviewing PTO Patentability Determinations—A Constitutional Standard Applied to Constitutional Facts

A. Patentability Determinations are Governed by a Constitutional Standard

The Constitution provides the basis for our patent system, stating that "The Congress shall have Power . . . To promote the Progress of . . . useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries."[13] This Court has emphasized that patentability is governed by this constitutional standard—i.e., that patents be granted "[t]o promote the Progress of . . . useful Arts"—stating

> The Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose. Nor may it enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby. Moreover, Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must 'promote the Progress of * * * useful Arts.' This is the standard expressed in the Constitution and it may

[13] U.S. Const. art. I, § 8, cl. 8.

> not be ignored. And it is in this light that patent validity 'requires reference to a standard written into the Constitution.'[14]

Based on this provision, Congress has enacted and revised legislation to govern the patent system, starting with the Patent Act of 1790 and continuing with the most recent revision in 1952. Prior to the Patent Act of 1952, the sole *statutory* conditions of patentability were the requirements of novelty and utility.[15] But the courts also developed additional conditions of patentability,[16] including this Court's early decision in *Hotchkiss v. Greenwood*[17] that an invention must evidence "more ingenuity and skill . . . than were possessed by an ordinary mechanic acquainted with the business." The 1952 Act codified the patentability condition pronounced in *Hotchkiss* as the nonobviousness inquiry of 35 U.S.C. § 103,[18] as well as re-codifying the utility and

[14] *Graham v. John Deere Co.*, 383 U.S. 1, 5-6 (1966) (quoting *Great A. & P. Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 154 (1950) (concurring opinion) ("It is worth emphasis that every patent case involving validity presents a question which requires reference to a standard written into the Constitution.")); *see also, Anderson's-Black Rock, Inc. y. Pavement Salvage Co.*, 396 U.S. 57, 61 (1969) ("The patent standard is basically constitutional, Article I, s 8, of the Constitution authorizing Congress '(T) o promote the Progress of * * * useful Arts' by allowing inventors monopolies for limited times.") .

[15] *Graham*, 383 U.S. at 3.

[16] *See Graham*, 383 U.S. at 10.

[17] 52 U.S. 248, 267 (1850).

[18] *Graham*, 383 U.S. at 15, 17 ("[T]his section was, for the first time, a statutory expression of an additional requirement for patentability, originally expressed in *Hotchkiss*."). The codification of the *Hotchkiss* standard is evident in the following portion of § 103:

> A patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are

novelty patentability conditions in § 101 and § 102, respectively.[19]

This Court first reviewed the 1952 codification of the patentability conditions in *Graham v. John Deere Co.*[20] In *Graham*, the Court rejected suggestions that § 103 loosened the requirements of patentability, stating that Congress merely codified judicial precedent and that "[t]he standard has remained invariable in this Court."[21] Thus, Congress may statutorily express conditions of patentability "within the scope established by the Constitution," and the PTO and the courts must apply the patent statutes "to give effect to the constitutional standard."[22]

B. Patentability Determinations Involve "Constitutional Facts"

As with any legal standard, the constitutional patentability standard is applied to the facts underlying each case. For example, the *Graham* Court instructed that the § 103 nonobviousness condition for patentability "lends itself to several basic factual inquiries" and the Court delineated some of those facts.[23] It is established law that

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such that the subject matter as a whole would have been obvious at the time the invention was made to a person of ordinary skill in the art to which said subject matter pertains.

[19] *Graham*, 383 U.S. at 12.

[20] 383 U.S. 1 (1966).

[21] *Graham*, 383 U.S. at 17, 19.

[22] *Graham*, 383 U.S. at 6.

[23] *Graham*, 383 U.S. at 17-18. The Court set forth the following factual inquiries underlying the nonobviousness condition for patentability:

such factual inquiries underlying the application of a constitutional standard—often termed "constitutional facts"—require some degree of independent review by Article III courts, and that it is within the exclusive province of the courts to determine what that degree of independence should be.[24]

Thus, in *Crowell v. Benson*,[25] this Court held that a court must independently determine certain questions of fact when reviewing an agency's determination under the Longshoremen's and Harbor Workers' Compensation Act, because such determinations are subject to the constitutional limits of admiralty and maritime jurisdiction. The *Crowell* Court explained:

> In cases brought to enforce constitutional rights, the judicial power of the United States necessarily extends to the independent determination of all questions, both of fact and law, necessary to the performance of that supreme function. The case of confiscation is illustrative, the ultimate conclusion almost invariably depending upon the

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Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquires may have relevancy.

[24] *See* Henry P. Monaghan, *Constitutional Fact Review*, 85 Colum. L. Rev. 229 (1985).

[25] 285 U.S. 22 (1932).

> decisions of questions of fact. This court has held the owner to be entitled to 'a fair opportunity for submitting that issue to a judicial tribunal for determination upon its own independent judgment as to both law and facts.'[26]

In *St. Joseph Stock Yards Co. v. United States*,[27] this Court similarly required independent review of facts to determine whether rates set by an agency under the Packers and Stockyards Act were in accord with the constitutional Due Process and Takings standards. This Court ruled that

> Legislative declaration of finding is necessarily subject to independent judicial review upon the facts and the law by courts of competent jurisdiction to the end that the Constitution as the supreme law of the land may be maintained.[28]

Congress cannot avoid this independent review by authorizing agents to make the findings, because the judicial power cannot be "circumscribed by any legislative arrangement designed to give effect to administrative action going beyond the limits of constitutional authority."[29]

The concept of some degree of independent review of "constitutional facts" has been applied in other constitutional contexts as well, including Due Process under the Fourteenth

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[26] 285 U.S. at 60 (quoting *Ohio Valley Water Co. v. Ben Avon Borough*, 253 U.S. 287 (1920)). *See also, Ng Fung Ho v. White*, 259 U.S. 276, 284-85 (1922) (constitutional due process requires independent judicial review of law and facts regarding question of citizenship prior to deportation, notwithstanding prior agency determination of the issue).

[27] 298 U.S. 38, 49-54 (1936).

[28] 298 U.S. at 51-52.

[29] *St. Joseph*, 298 U.S. at 52.

Amendment;[30] Double Jeopardy and Privilege Against Self-Incrimination under the Fifth Amendment;[31] Duties on Imports and Exports under Article I, Section 10, Clause 2 of the Constitution;[32] and First Amendment[33] standards.

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[30] *See, e.g., Haynes v. Washington*, 373 U.S. 503, 515 (1963) ("It is well settled that the duty of constitutional adjudication resting upon this Court requires that the question whether the Due Process Clause of the Fourteenth Amendment has been violated by admission into evidence of a coerced confession be the subject of an independent determination here."); *Ohio Valley Water Co. v. Ben Avon Borough* , 253 U.S. 287, 289 (1920) (in Due Process challenge to state agency's setting rates, issue must be submitted to judicial tribunal to decide "upon its own independent judgment as to both law and facts."); *Bluefield Waterworks & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 689 (1923) (There is "independent judgment of the court as to both law and facts" in determining whether state agency setting of rates was confiscatory.).

[31] *See, e.g., Thompson v. Keohane*, 516 U.S. 99, 116 (1995) (state "in-custody" determinations require independent review by a federal habeas court); *Turner v. Arkansas*, 407 U.S. 366, 368 (1972) ("Collateral estoppel is part of the Fifth Amendment's double jeopardy guarantee, and it is 'a matter of constitutional fact (this Court) must decide through an examination of the entire record.'") (quoting *Ashe v. Swenson*, 397 U.S. 436, 443 (1970)).

[32] *See, e.g., Hooven & Allison Co. v. Evatt*, 324 U.S. 652, 659 (1945) (In reviewing state tax on imports under Article I, Section 10, Clause 2 of the Constitution, "we are free to reexamine the facts as well as the law.").

[33] *See, e.g., Rankin v. McPherson*, 483 U.S. 378, 386 n.8 (1987) ("[A]ny factual findings subsumed in the 'public concern' determination are subject to constitutional fact review"); *Connick v. Myers*, 461 U.S. 138, 150 n.10 (1983) ("[W]e cannot 'avoid making an independent constitutional judgment on the facts of the case.'") (quoting *Jacobellis v. Ohio*, 378 U.S. 184, 190 (1964)); *Pennekamp v. Florida*, 328 U.S. 331, 335 (1946) ("The Constitution has imposed upon this Court final authority to determine the meaning and application of those words of that instrument which require interpretation to resolve judicial issues. With that responsibility, we are compelled to examine for ourselves the statements in issue and the circumstances in which they were made . . .");

C. Article III Courts Have Properly Established Clear Error as the Standard for Reviewing PTO Patentability Determinations

Based on the foregoing, it is evident that patentability determinations by the PTO involve application of a constitutional standard to constitutional facts. As such, it is the sole responsibility and authority of Article III courts to determine what standard of review is necessary to safeguard the constitutional standard at issue[34]—neither Congress nor the PTO can supplant this responsibility of the courts.[35]

This Court's precedent on "constitutional facts" provides some guidance on what standard of review would be appropriate in this case, and warrants sustaining the established clear error standard for reviewing the PTO's patentability determinations. For example, patentability determinations do not involve a constitutional right *per se*—the Constitution does not guarantee a right to have a

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Bose Corp. v. Consumers Union of United States, Inc., 466 U.S. 485, 514 (1984) ("[W]e reaffirm the principle of independent appellate review that we have applied uncounted times before."); *Rosenbloom v. Metromedia, Inc.*, 403 U.S. 29, 54 (1971) ("The simple fact is that First Amendment questions of 'constitutional fact' compel this Court's de novo review.").

[34] *See Miller v. Fenton*, 474 U.S. 104, 114 (1985) ("[T]he fact/law distinction at times has turned on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question.").

[35] *See St. Joseph*, 298 U.S. at 52 (neither Congress nor an agency can circumscribe judicial power in reviewing constitutional standards); *Bose*, 466 U.S. at 514 ("We hold that the clearly-erroneous standard of Rule 52(a) . . . does not prescribe the standard of review to be applied in reviewing a determination of actual malice . . . [a]ppellate judges in such a case must exercise independent judgment.").

patent[36]—so *de novo* review with no deference is not necessary here.

But this Court has recognized that some degree of independent review of cases implicating a constitutional standard is necessary to ensure not only proper application of the standard in the instant case, but to ensure continued development and precedential demarcation of the standard to govern future conduct.[37] When a constitutional standard is involved, "this Court's role in marking out the limits of the standard through the process of case-by-case adjudication is of special importance."[38] And in some areas of law "the stakes—in terms of impact on future cases and future

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[36] The concept of an inventor's "natural right" to his discovery is not embodied in the Constitution. In *Graham*, 383 U.S. at 8-9, this Court explained

> [Thomas Jefferson] rejected a natural-rights theory in intellectual property rights and clearly recognized the social and economic rationale of the patent system. The patent monopoly was not designed to secure to the inventor his natural right in his discoveries. Rather, it was a reward, an inducement, to bring forth new discoveries.

[37] *See Thompson v. Keohane*, 516 U.S. 99, 114 n.14 and 115 (1995) (Stating that "the likely absence of precedential value cuts against requiring plenary appellate review" in some cases, but in the case of "in custody" determinations "the law declaration aspect of independent review potentially may guide police, unify precedent, and stabilize the law."); *cf.*, *Container Corp. of America v. Franchise Tax Bd.*, 463 U.S. 159, 176 (1983) (would apply a "realm of permissible judgment" rather than *de novo* review of facts underlying "unitary business" standard for state apportionment of taxes under Due Process and Commerce Clauses, because the standard is "now well established" and *de novo* review "will do the cause of legal certainty little good.") (applying the "realm of permissible judgment" standard set forth in *Norton Co. v. Dept. of Revenue*, 340 U.S. 534, 538 (1951)).

[38] *Bose*, 466 U.S. at 503.

conduct—are too great to entrust them finally to the judgment of the trier of fact."[39]

This Court has identified patentability determinations as a particular area of law requiring a case-by-case demarcation of the constitutional standard. In *Graham*, this Court's § 103 obviousness discussion concluded:

> This is not to say, however, that there will not be difficulties in applying the nonobviousness test. What is obvious is not a question upon which there is likely to be uniformity of thought in every given factual context. The difficulties, however, are comparable to those encountered daily by the courts in such frames of reference as negligence and scienter, and should be amenable to a case-by-case development. We believe that strict observance of the requirements laid down here will result in that uniformity and definiteness which Congress called for in the 1952 Act.[40]

Similarly, Congress has recognized the need for uniform judicial development of the patentability standard, leading to the Federal Courts Improvement Act of 1982[41] that created the Federal Circuit to hear all appeals of patent-related cases. Congress determined that a centralized national court with exclusive appellate jurisdiction over patent-related cases was necessary "for ensuring a more uniform interpretation of the patent laws and thus contributing meaningfully and positively to predicting the

[39] *Bose*, 466 U.S. at 501 n.17.

[40] *Graham*, 383 U.S. at 18.

[41] Federal Courts Improvement Act, Pub. L. No. 97-164, 96 Stat. 25 (1982) (merged the Court of Customs and Patent Appeals and the United States Court of Claims to create the United States Court of Appeals for the Federal Circuit.).

strength of patents."[42] Thus, Congress specifically created the Federal Circuit to provide "a forum that will increase the doctrinal stability in the field of patent law," stating:

> [T]he Hruska Commission singled out patent law as an area in which the application of the law to the facts of a case often produces different outcomes in different courtrooms in substantially similar cases. Furthermore, . . . the patent bar indicated that uncertainty created by the lack of national law precedent was a significant problem. . . . The creation of . . . the Federal Circuit will produce desirable uniformity in this area of the law.[43]

In summary, patentability determinations do not implicate fundamental constitutional rights *per se* so as to require completely independent review. However, the universally recognized need for case-by-case development of judicial precedent to demarcate the constitutional standard at least warrants Article III court review of PTO patentability determinations in which the court applies *its own reasoning*, as in clear error review, rather than being limited to the agency's reasoning, as in the APA standards at issue here. This allows the courts to set forth and guide the reasoning to be used when applying the constitutional patentability standard, while giving due deference to the PTO's technical expertise. As discussed in the following section, this is just the type of review already established by Article III courts.

[42] *Hearings on H.R. 6033, H.R. 6934, H.R. 3806 and H.R. 2414, Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary*, 96th Cong., 2d Sess. 797 (1980).

[43] S. Rep. No. 97-275 (1982), *reprinted in* 1982 U.S.C.C.A.N. 15.

II. *Stare Decisis* Counsels Against Disturbing the Established Standard for Reviewing PTO Patentability Determinations

Since 1839, PTO patentability determinations—both before and after enactment of the APA in 1946—have been subject to review by Article III courts applying standards closely related to the "clear error" standard reaffirmed in the Federal Circuit's decision below. *Stare decisis* counsels this Court to affirm this established precedent.

A. Pre-APA Review

In 1836, there were two routes of review when the Commissioner of Patents rejected a patent application: (1) direct appeal on the record to a Board of Examiners and (2) filing a bill in equity in a federal district court, which was limited to review of PTO decisions in interference proceedings and which allowed introduction of additional evidence.[44] In 1839, direct appeal to the Board of Examiners was replaced with direct appeal to the chief justice of the District Court for the District of Columbia,[45] an Article III court.[46] Since this time, direct appeal or ultimate review of PTO patentability decisions has been to Article III courts. In 1852, direct appeal to the chief justice of the District Court

[44] Act of July 4, 1836, ch. 357, § 7, 5 Stat. 120; *see Hoover Co. v. Coe*, 325 U.S. 79, 84 n.7 (1945).

[45] Act of Mar. 3, 1839, § 11, 5 Stat. 354; *see Hoover*, 325 U.S. at 85 n.11.

[46] *See O'Donoghue v. United States*, 289 U.S. 516, 547-548 (1933) (Congress created the District Court for the District of Columbia under Article III.); Act of Feb. 27, 1801, ch. 15, 2 Stat. 103 and Act of Apr. 29, 1802, ch. 31 § 24, 1 Stat. 166. (establishing the District Court for the District of Columbia).

was extended to the two assistant judges of the Circuit Court for the District of Columbia.[47]

In 1863, direct appeal was transferred to the Supreme Court for the District of Columbia, an Article III court.[48] In 1870, the Supreme Court for the District of Columbia would entertain direct appeal by sitting *en banc* and the decision would "govern the further proceedings in the case."[49] The relevant statute was construed to require appeal to the Supreme Court of the District of Columbia as a condition precedent to filing a bill of equity in a district court.[50]

In 1893, direct appeal was transferred to the Court of Appeals for the District of Columbia, an Article III court.[51] The standard of review applied by the Court of Appeals was similar to the clear error standard at issue here: the court would not reverse the PTO's decision "except in a very clear case,"[52] requiring the applicant to make out a "very clear case of invention."[53]

[47] Act of Aug. 30, 1852, § 1, ch. 107, 10 Stat. 75; *See Hoover*, 325 U.S. at 85 n.12.

[48] Act of Mar. 3, 1863, ch. 91, § 1, 12 Stat. 762-63; *id.*, ch. 15, § 3, 12 Stat. 103, 105; *see O'Donoghue*, 289 U.S. at 548. In 1901, Congress vested the Supreme Court for the District of Columbia with the same jurisdiction as the Circuit and District courts. Act of Mar. 3, 1901, ch. 854, § 61, 31 Stat. 1199.

[49] Act of July 8, 1870, ch. 230, §§ 48, 50, 16 Stat. 205; *see In re Hoeveler and McTighe*, 21 D.C. 107 (1892); *In re Chinnock's Appeal*, 21 D.C. 594 (1893); *Hoover*, 325 U.S. at 85-86.

[50] *See Hoover*, 325 U.S. at 86.

[51] Act of Feb. 9, 1893, ch. 74, § 9, 27 Stat. 436; *see also O'Donoghue*, 289 U.S. at 548.

[52] *In re Barratt*, 11 App. D.C. 177, 179 (1897).

[53] *In re Smith's Appeal*, 14 App. D.C. 181, 185 (1899).

In 1894, this Court in *Morgan v. Daniels*[54] reviewed a PTO interference decision that had been appealed via bill of equity to a district court. The *Morgan* Court likewise articulated a standard of review similar to the clear error standard at issue here: the PTO's factual findings "must be accepted as controlling" unless the court has a "thorough conviction" that the contrary is established.[55]

Although *Morgan* does not concern the direct appeal route *per se*, it is significant because it occurred at a time when the two routes of review-—bill of equity and direct appeal—were cumulative, rather than alternative, and review of PTO decisions could be sought by bill of equity in a district court even though a direct appeal had been obtained in the Court of Appeals.[56] It was not until 1927 that Congress made the two routes of review alternative.[57] Thus, prior to 1927, the *Morgan* "clear error" type review was ultimately available in an Article III court for review of any PTO decision. However, after 1927, review of PTO decisions via direct appeal was subject only to the standard of review applied by the appellate courts to which the subsequent statutory schemes routed direct review: the Court of Appeals for the District of Columbia, the Court of Customs and Patent Appeals, and the Federal Circuit, all of which applied clear error or similar standards of review, as discussed *infra*.

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[54] 153 U.S. 120 (1894).

[55] *Morgan*, 153 U.S. at 125.

[56] *See Glidden Co. v. Zdanok*, 370 U.S. 530, 577 (1962); *Hoover*, 325 U.S. at 85. At this time, direct appeal to the Court of Appeals was treated as a continuation of the administrative process, and the Court of Appeals' decision itself was considered "a mere administrative decision." *Glidden*, 370 U.S. at 577.

[57] Act of Mar. 2, 1927, ch.273, § 11, 44 Stat. 1335, 1336; *see Glidden*, 370 U.S. at 577.

In 1929, Congress transferred jurisdiction of direct appeals of PTO decisions from the Court of Appeals for the District of Columbia to the Court of Customs Appeals, renamed the Court of Customs and Patent Appeals ("the CCPA"), an Article III court.[58] CCPA decisions affirmed PTO patentability decisions unless they were "manifestly wrong"[59] or "clearly erroneous."[60]

B. The 1946 Enactment of the APA

In 1946, Congress enacted the Administrative Procedure Act to establish closer judicial supervision over administrative agencies that had been established during the New Deal era of the 1930s and 1940s. The New Deal approach to government produced a multitude of largely uncoordinated ventures which resulted in political initiatives focusing on suspect decision-making procedures of the new agencies.[61] During consideration of the APA, individual reports were prepared for every agency except the PTO and a

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[58] Act of Mar. 2, 1929, c. 488, §§ 1, 2, 45 Stat. 1475; *see Brenner v. Manson*, 383 U.S. 519, 525 n.8 (1966); *Glidden*, 370 U.S. at 584 (the CCPA was created as an Article III court); *see also*, 28 U.S.C. § 211 (1964) (affirming that the CCPA is an Article III court).

[59] *See, e.g., In re Adamson*, 92 F.2d 717 (C.C.P.A. 1937); *In re Anhaltzer*, 48 F.2d 657, 658 (C.C.P.A. 1931); *In re Demarest*, 38 F.2d 895, 896 (C.C.P.A. 1930). The 1937 edition of the leading patent law treatise of the time explained that review of PTO patentability decisions required affirmance unless there was "palpable and manifest error." A.W. Deller, 2 *Walker on Patents* § 212 (Deller's Ed. 1937).

[60] *See, e.g., In re Wietzel*, 39 F.2d 669, 671 (C.C.P.A. 1930) (upon "careful study," CCPA determined that the PTO decision was not "clearly erroneous."); *In re Hornsey*, 48 F.2d 911, 912 (C.C.P.A. 1931) (PTO decisions are not reversed unless "it is clear that they are erroneous.").

[61] Robert L. Rabin, *Federal Regulation In Historical Perspective*, 38 Stan. L. Rev. 1189, 1263-64 (1986).

few other agencies "affected by special circumstances."[62] The Committee on Administrative Procedure stated that it did not prepare staff reports for the PTO due to its "highly specialized character" and the "insufficiency of the Committee's staff."[63]

At this time, judicial oversight of the PTO's patentability determinations had been well established for over a century. Thus, the PTO was not one of the just-emerging New Deal agencies that prompted the APA. It is doubtful that Congress intended the APA to supplant the established standard for reviewing PTO patentability determinations, especially given Congress's admonition in the APA itself that "[n]othing in this Act shall be held to diminish constitutional rights of any person or to limit or repeal additional requirements imposed by statute or otherwise recognized by law."[64] Moreover, Congress would not have the authority to "limit" or "repeal" established court review of PTO patentability determinations in the first instance, as discussed *supra* regarding the province of Article III courts to establish the standard for reviewing constitutional facts.

C. Post-APA Review

After the APA was enacted, the CCPA continued reviewing PTO patentability determinations under the related

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[62] S. Doc. No. 8, 77th Cong., 1st Sess. at 4 n.2 (1941).

[63] *Id.*

[64] Administrative Procedure Act, § 12, ch. 324, 60 Stat. 244 (1946). The Attorney General, who was instrumental in developing the APA, specifically noted that this Congressional admonition "is intended simply to indicate that the act will be interpreted as *supplementing* Constitutional and legal requirements imposed by existing law." Attorney General's Manual on the Administrative Procedure Act at 139 (1947) (emphasis added).

standards of "manifest error" and "clear error,"[65] applying its own reasoning to the underlying facts. For example, in its 1950 decision in *In re Barrett*,[66] the CCPA summarized the PTO's interpretation of two prior art references and "disagreed" with the PTO on "several matters of fact."[67] The court re-interpreted the teachings of the prior art using its own reasoning and ruled that the PTO's interpretation was "in error."[68]

In 1976, this Court in *Dann v. Johnston*[69] reviewed a patentability decision on direct appeal to the CCPA from the PTO that the CCPA had reversed under the clear error standard.[70] After extensive review of the claimed invention and prior art, this Court concluded that the claimed invention was unpatentable as being obvious.[71] The Court did not label the standard that it applied, but the substance, character and tenor of this Court's review comports with a clear error standard—i.e., the Court applied its own reasoning to the PTO's factual findings. For example, the Court "noted" facts considered by the PTO,[72] and prefaced the reasoning

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[65] *See, e.g., In re Pollack*, 175 F.2d 587, 590 (C.C.P.A. 1949) ("We find no manifest error" in the PTO's decision.).

[66] 182 F.2d 626 (C.C.P.A. 1950).

[67] *Barrett*, 182 F.2d at 631.

[68] *Id.* at 632.

[69] 425 U.S. 219 (1976).

[70] *See Application of Johnston*, 502 F.2d 765, 772 (C.C.P.A. 1974) (Markey, C.J., dissenting) ("I find no clear error on the part of the board in its rejection of the appealed claims under 35 U.S.C. 103. In the absence of such clear error we must, and I would, affirm the decision of the board.").

[71] *Dann*, 425 U.S. at 220.

[72] *See e.g., Dann*, 425 U.S. at 226-27 ("*As noted*, the [PTO] relied on two elements in the prior art . . .") (emphasis added); *id.* at 227 ("Indeed,

that the Court applied to the underlying facts with the words "we think".[73]

In 1982, Congress established the Federal Circuit to ensure uniform and predictable judicial interpretation of the patent laws.[74] Since its early beginnings, the Federal Circuit heeded this mandate for stabilizing the patent laws by consistently reviewing PTO patentability decisions under the clear error standard applied by its predecessors.[75]

D. It Would Be Imprudent to Change Course Now

Notwithstanding the long-standing application of clear error and closely related standards to PTO patentability

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as noted by the [PTO], the addition of a category number . . .) (emphasis added); *id.* at 228 ("For, *as noted*, the [PTO] pointed to a second factor . . .) (emphasis added).

[73] *See, e.g., Dann*, 425 U.S. at 229 ("respondent's system would, *we think*, have been obvious . . .") (emphasis added; quotations omitted); *id.* at 227 ("Respondent's 'category code' scheme is, *we think*, closely analogous to . . .) (emphasis added); *id.* at 230 n.4 ("Respondent does not contend *nor can we conclude* that any of these secondary considerations [of nonobviousness] offer any substantial support for his claims of nonobviousness.") (emphasis added).

[74] *Hearings on H.R. 6033, H.R. 6934, H.R. 3806 and H.R. 2414, Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary*, 96th Cong. 797 (1980); *see also*, S. Rep. No. 97-275, at 5 (1982), *reprinted in* 1982 U.S.C.C.A.N. 15, 17 (The Federal Circuit's cases are "unusually" complex, technical and time-consuming, so the court requires a relatively light workload because it is "important" that the court have time for "thorough discussion and deliberation" in view of the broad precedential impact of its decisions.).

[75] *See, e.g., In re De Blauwe*, 736 F.2d 669, 703 (Fed. Cir. 1984); *In re King*, 801 F.2d 1324, 1326 (Fed. Cir. 1986); *In re Woodruff*, 919 F.2d 1575, 1577 (Fed. Cir. 1990); *In re Vaeck*, 947 F.2d 488, 495 (Fed. Cir. 1991); *In re GPAC, Inc.*, 57 F.3d 1573, 1577 (Fed. Cir. 1995); *In re Borden*, 90 F.3d 1570, 1576 (Fed. Cir. 1996); *In re Longi*, 759 F.2d 887, 892 (Fed. Cir. 1985).

determinations, it apparently was not until an appeal decided by the Federal Circuit in 1995—nearly half a century after the APA was enacted—that the issue was raised whether to apply APA standards of review rather than clear error.[76] Thus, as a practical matter, the principles of *stare decisis* counsel against disturbing the established standard of review because "it is more important that the applicable rule of law be settled than that it be settled right . . . even where the error is a matter of serious concern."[77] This Court has given due consideration to the principles of *stare decisis* even when the established precedent arose from lower court decisions, rather than from this Court.[78]

Further, as discussed *supra*, this case involves the application of a constitutional standard to constitutional facts, which requires Article III courts—not statutes—to determine the level of independent judicial review necessary to safeguard the constitutional standard. Therefore, this Court should affirm the application of clear error review of PTO patentability decisions, as properly developed by Article III courts and reaffirmed in the Federal Circuit's decision below.

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[76] *In re Brana*, 51 F.3d 1560, 1568-69 (Fed. Cir. 1995).

[77] *Square D. Co. v. Niagara Frontier Tariff Bureau, Inc.*, 476 U.S. 409, 424 (1986); *see also Patterson v. McLean Credit Union*, 491 U.S. 164, 172-73 (1989) (*Stare decisis* has "special force in the area of statutory interpretation," which does not involve constitutional interpretation, "and Congress remains free to alter what we have done.").

[78] *See Hubbard v. United States*, 514 U.S. 695, 713 n.13 (1995) (noting the importance of "promoting stability and certainty in the law" through *stare decisis* even though the established precedent was that of the circuit courts, rather than this Court).

CONCLUSION

Amicus curiæ respectfully requests that this Court affirm the Federal Circuit's *en banc* decision that PTO patentability determinations appealed to the Federal Circuit under 35 U.S.C. § 141 are subject to the established clear error review in which the court applies its own reasoning, rather than being limited to the agency's reasoning regarding this constitutional standard.

Respectfully submitted,

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